

February 3, 2008

Tiffany Mulligan
Staff Attorney
Indiana Department of Transportation

Dear Ms. Mulligan:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Department of Transportation ("INDOT") and contained in LSA Document # 07-494, which adds 105 IAC 13 to reasonably and cost effectively manage the right-of-way of the state highway system by establishing a formal procedure for highway improvement projects that involve the relocation of utility facilities by providing for an exchange of information among INDOT, utilities, and the department's highway construction contractors. INDOT estimates that approximately 178 small businesses operating as utility firms may be affected by the provisions of the rule. Additionally, INDOT estimates that 178 small businesses operating as construction establishments may be affected by the rule changes.

Under the proposed rule, INDOT requires a utility company to notify INDOT annually of its authorized representative and to provide information on how to contact that person. The proposed rule also requires the utility company to update the required information if it changes during the year. The required information consists of the following for the authorized representative: name, title, telephone numbers, email address, postal address, and street address. INDOT estimates that this requirement will add less than one hour of work per year to the utility. Although INDOT cannot anticipate who will perform this additional work for each company, INDOT estimates the cost of this hour at \$50.00 including salary and benefits. This would amount to \$8900 for all 178 firms.

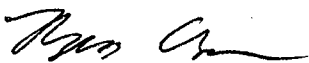
The rule also requires utilities to follow a communications process whereby they must review and submit certain documents within designated time periods. Specifically utilities must do the following: respond to the department with a description of facilities, verify that plan sheets are accurate, detail conflicts, submit work plans, attend a utility coordination meeting if conflicts are found, submit any necessary revisions to the work plans, and acknowledge notifications and review agreements. The rule provides time periods in which utility firms must comply with these requirements. Based on INDOT's communications and experience with utilities, INDOT estimates that these requirements will cost a utility approximately \$1,818.75 a year to comply with if the utility has one project within its service territory that year. This would amount to \$323,737.50 if all 178 utility firms happen to be affected within a single year.

In accordance with the proposed rule, highway construction contractors will not incur any additional costs for annual reporting, record keeping or other administrative requirements. Implementation of the proposed rule will result in INDOT incorporating the work plans of the utilities into the construction contracts. This will provide the contractor with more complete information about the alteration and relocation of facilities including location, materials and time schedule. Any additional duties that INDOT imposes on the highway construction contractor will be part of the contract, and INDOT will pay the cost the same as other duties under the contract. The proposed rule itself will not impose any additional costs on the contractor.

INDOT expects that the total annual economic impact on small businesses associated with complying with the proposed rule will be minimal when compared to what utilities are expending currently. As noted above, INDOT estimates that the total economic impact on all 178 utilities that are small businesses will be \$8900 for notifying INDOT of its authorized representative and \$323,737.50 for complying with the communication process requirements. This amounts to a total estimated economic impact of \$332,637.50.

The IEDC does not object to the economic impact of the changes contained in the rule. The total annual economic impact on small highway construction businesses for compliance with the proposed rule is estimated to be zero because the proposed rule places no additional requirements on small highway construction businesses. Small highway construction businesses likely will benefit more than larger highway construction businesses because smaller highway construction businesses lack flexibility due to smaller budgets, smaller staffs and fewer work crews. The cost imposed on small businesses by the proposed rule is justified by the potential cost savings from a reduction of utility facility relocation delays. The proposed rule is expected to meet three specific goals: to comply with the requirements of the Indiana Code, to formalize the existing utility coordination process and to reduce the cost to the State for delays in highway construction due to the alteration and relocation of utility facilities. If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,



Ryan Asberry
Assistant Vice President
Indiana Economic Development Corporation